

# The Improving Cross Taiwan Strait Relations and Ensuing Opportunities

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# New Administration, New Policy

- Ma Ying-jeou of KMT won 2008 presidential elections
- Policy toward Mainland China: shelving controversies and pursuing a win-win solution
- Foreign Policy: Flexible Diplomacy
- Economic Policy: Deal with global economic crisis

# Mainland China Policy

- Resumption of Cross-Strait talks: Chiang-Chen Talks in June, November 2008, and April 2009
- Achievements: “Three Links”, mainland Chinese tourists, food safety screening mechanism, financial co-operation, fighting crime and repatriating fugitives
- Three Links: direct air, sea and postal links

# Mainland China Policy--continued

- In the future, possibly...
- Economic Cooperation Framework Agreement (ECFA)
- Peace Agreement
- Taiwan Strait:  
a dangerous flashpoint → a stabilizing force → a new spot of opportunity

# Mainland China Policy--continued

- 5% (about 1.1m) of Taiwan's population live in Mainland China
- 270 cross-strait flights per week
- In 2008  
Taiwan → Mainland China: 4.6m visitors  
Mainland China → Taiwan: 0.2m visitors  
and rapidly increasing

# Cross-strait trade and economic indicators

- Trade volume: 105 billion(2008)
- Taiwan's trade surplus: 42.5 billion
- Percentage of Taiwan's total trade volume: 20.2%
- Taiwanese accumulated investment in the Mainland: 47.6 billion (as of 2008)
- Mainland China is Taiwan's largest trading partner and largest export market

# Taiwan's advantages as the gateway to Mainland Chinese market

- Taiwan shares the same language and cultural with Mainland China
- Taiwanese businessmen are savvy in Mainland Chinese business practices
- Taiwan is generally westernized, respecting western business practices
- New “Three-Links” greatly reduce transportation and operation costs

# Foreign Policy: Flexible Diplomacy

- Diplomatic truce with Mainland China: no more dollar diplomacy or checkbook diplomacy
- Strengthen the relationship with our 23 diplomatic allies
- Meaningful participation in UN specialized organizations such as World Health Organization

# Taiwan's quest for WHO

- WHO included Taiwan in the implementation of the International Health Regulations (IHR) in January, 2009
- Thanks to international support from countries like US and Japan, and Taiwan's new peaceful approach towards China, WHO invited Taiwan to participate in 2009 WHA as an observer
- Taiwan's participation in WHA and other WHO activities is a win-win situation for Taiwan and Mainland China; multi-win situation for the world

# Economic Policy-- How the global economic crisis affects Taiwan

- Taiwan suffering from the global economic crisis
- Export orders dropped by 33% in December of 2008, and by 37% in the first quarter of 2009
- Unemployment rate reached 5.75% in February, 2009

# Economic Policy—Taiwan's advantages in face of the economic crisis

- However, the overall economic environment is relatively stable.....
- No bank went bankrupt
- Government debt below 40% of GDP--in comparison with EU's 60%, US and Japan's over 100%
- Taiwan maintains over US\$300 billion in foreign reserves (as of March 2009)
- Taiwan has a high savings rate (29.7% in 2008)

# Economic Policy: How we deal with the crisis

- Our government's measures are....
- In October 2008, provide a blanket guarantee for all domestic bank deposits to stabilize the financial situation (Taiwan was the first Asian nation to adopt the measure)
- Followed by an all-in-one economic stimulus package to expand investment in public infrastructure and stimulate domestic consumption

# Economic Policy: How we deal with the crisis--continued

- And.....
- In January, implemented a shopping-voucher program through which each citizen was given about US\$110 worth of voucher to encourage consumption. The program generated GDP by 1%
- The existing “i-Taiwan 12 projects” are expected to create 220,000 job over the next 4 years
- Furthermore, a US\$ 21.2 billion stimulus plan is proposed to create 150,000 new jobs in 2009

# i-Taiwan 12 Projects

- Invest US\$121 billion from 2009-2016
  - US\$ 80 billion from government
  - US\$ 41 billion from the private sector
- Infrastructure Projects are among the priority items of the 12 Projects

# i-Taiwan 12 Projects--continued

- A fast islandwide transportation network
- Kaohsiung Port-city regeneration
- Central region new high-tech industrial cluster
- Taoyuan international air city
- Intelligent Taiwan
- Industrial innovation corridors

# i-Taiwan 12 Projects--continued

- Urban and industrial park regeneration
- Farm village regeneration
- Coastal regeneration
- Green afforestation
- Flood prevention & water management
- Sewer construction

# Our Economic Goals

- In the future, our economic development goals are...
  - Transform Taiwan into a global innovation center
  - Turn Taiwan into an epicenter for commerce and trade in the Asia-Pacific region
  - Make Taiwan into the operating headquarters for firms run by Taiwanese businessman

# US-Taiwan Economic Relationship

- Taiwan is the 9<sup>th</sup> largest trading partner, 11<sup>th</sup> largest export market and 5<sup>th</sup> largest farm products market of the US
- Two way trade volume between US and Taiwan reached US\$ 57.1 billion in 2008
- The US is the largest source of foreign investment in Taiwan and was the 3<sup>rd</sup> largest trading partner of Taiwan in 2008

# Oregon-Taiwan Economic Relationship

- Taiwan is the 6<sup>th</sup> largest export market of the State of Oregon (2008)
- Export to Taiwan from Oregon reached US\$1.1 billion (2008)
- Leading export items include IC, transportation equipment, crop, IT products and machinery
- Taiwan's TSMC has major investment in Vancouver (WA) in Greater Portland

Thank you very much

Comments and questions are  
welcomed